HLPartnership
Commercial Solutions

Commercial Mortgages & Specialist Finance

A strong partnership

HLPartnership have chosen to partner with Omega Group for the provision of specialist advice within the Commercial Mortgage, Business & Specialist Property Finance including Secured Loans. HLPartnership have been working with Omega for many years and during this time recognise Omega as one of the leading Specialist brokers in the UK. Many of our members will already know the broker team including key individuals and management and will have established relationships in place, and will be aware of the full commitment to honesty, transparency and TCF mirrored in our own business philosophy.

HLPartnership Commercial and Specialist Finance will offer free initial advice – so all HLPartnership members' clients will always know the terms available before they part with any fees. Through 150+ lenders, their services are available to: Individuals, Limited Companies, Partnerships, Pension Schemes, Trusts and all Company types including Overseas Borrowers.

In Summary HLPartnership Commercial and Specialist Finance will:

- **Work from a Name and a Number**
- **Discuss every client's precise needs and answer any queries.**
- **Select the best lender for those needs and obtain the fastest possible "In Principle" decision**
- **Negotiate the most competitive terms available**
- **Collate the documentation and details required by the lender for credit approval**
- **Write a detailed business and financial analysis and submit to the lender for formal approval, and arrange the lender meeting if one is needed**
- **Liaise with professionals to ensure the valuation and legal processes happen as smoothly as possible to completion**
- **Deliver a professional and personal service at all times via the dedicated Broker and Support Teams, ensuring you are updated throughout the process**

Chris Tanner CEO said "I have known the team at Omega for many years and consider them to be leaders within the Commercial & Specialist funding market. We very much look forward to working more closely and know this will enable our members to benefit from providing their clients with this additional service and access to the most competitive terms available, including commission on all referrals progressed to completion"

Kevin Jones "we are delighted to have been chosen to work in conjunction with HLPartnership and provide our knowledge and expertise to assist members to maximise the opportunities available to them in the Commercial and Specialist funding arena"

Specialist & Commercial Finance

Commercial Mortgages for businesses seeking to purchase or refinance their own trading premises.

Whether buying new property or refinancing outstanding debt, we can help clients at every step. Our bespoke service ensures we fully understand both the business and the funding requirements in detail, delivering not just any deal but the right deal.

We'll outline the very best terms available from the whole market, then manage the application process from enquiry to full credit sanction and through to completion.

Commercial mortgages are available to all applicant types; individuals, partnerships, limited companies, trusts, pension schemes, complicated and layered company structures, including situations where the property is owned by or to be purchased in the name of the directors and rented to their business.

Funding is available up to 82% of property value for many property types, and business goodwill can also be funded for certain sectors. Interest-only and part-repayment options are available with loan terms up to 30 years.

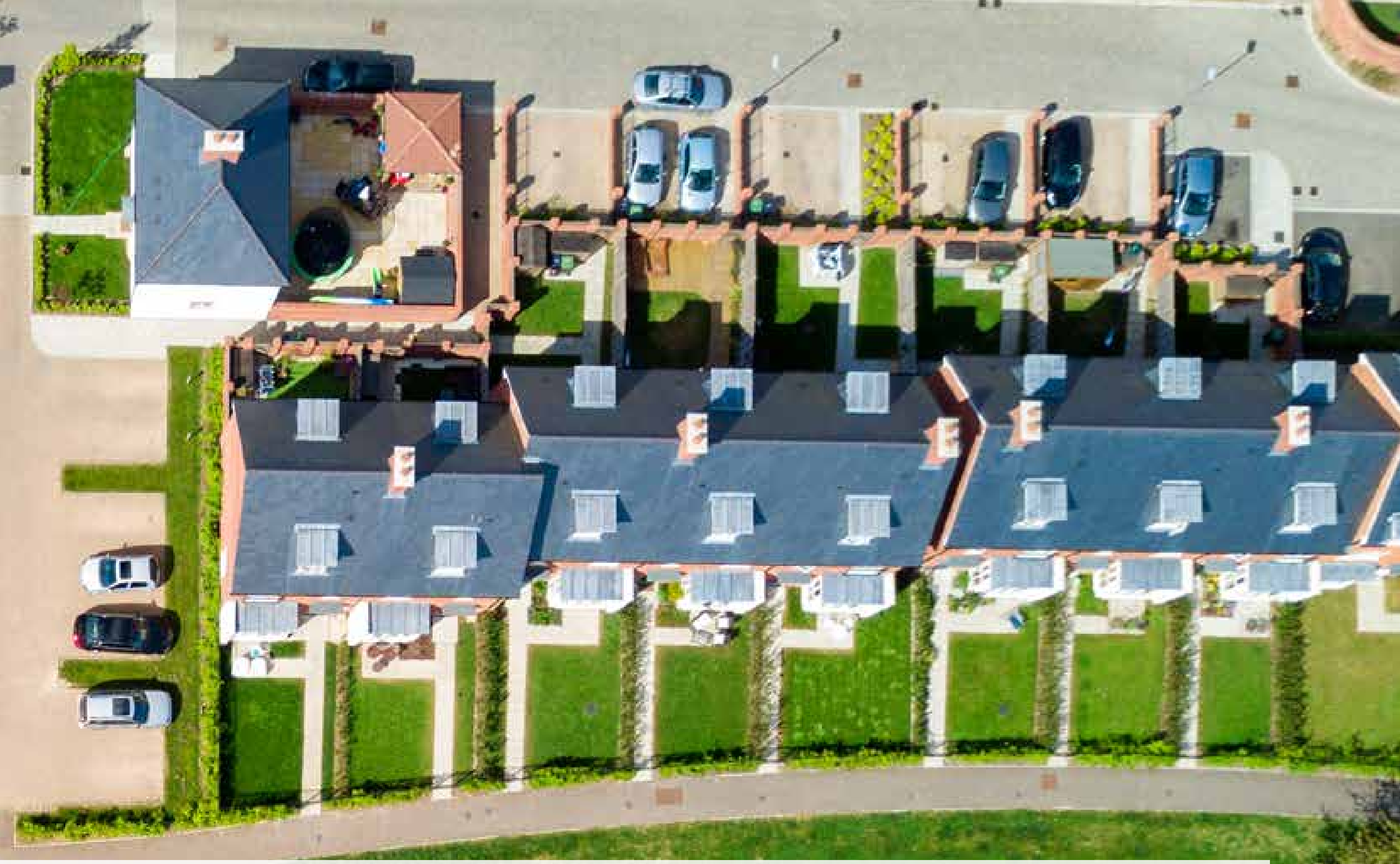
Professional practices can be financed to 100% of property value plus goodwill funding.

The most competitive terms are available for established businesses with strong trading accounts, however we can also arrange finance for start-up or newly formed businesses where a robust plan is in place.

Property types funded include the following:

- **Shops and other retail units**
- **Offices**
- **Industrial Units, Factories, Warehouses and Workshops**
- **Hotels and B&Bs**
- **Restaurants, Takeaways, Cafés and Public Houses including other Leisure Businesses**
- **Professional Practices (e.g. doctors/dentists)**
- **Care Homes and Healthcare**
- **Pharmacies**
- **Educational Establishments and Day Nurseries**
- **Farms, Agricultural, Wedding Venues, Residential Estates and other rural property**
- **Car Garages, Showrooms, MOT Centres & Petrol Stations**

* Please note this is not an exhaustive list, most property types can be funded. It may also be possible to arrange commercial mortgages for applicants with previous credit problems.



Many of our team were previously lending or relationship managers at major Banks and other financial institutions.

We therefore understand how businesses work and, more importantly, the issues they face and how to overcome them.

If you need to raise finance for cashflow purposes, expansion or any other legitimate business purpose, and the Bank just won't help, there are other options.

Cash can be raised even if you do not have property or other assets which can be used as security, with unsecured loans available up to £150,000 at competitive rates.

Repayments can often be structured based on your actual turnover during the repayment period, so your cashflow is not put under unnecessary pressure.

Due to the complexity of this type of funding which requires an understanding of your business activities and how you receive payments from your customers, it is not possible to list the various options here which are available from Banks, peer-to-peer providers and structured debt.

Owner Occupied Development

Funding is also available for the development of new premises for a trading entity, with the cost of the build and land built into the structured finance and final lending based against the end value of the new property.

Interest only periods can also form part of the facility to allow the build period to complete without needing to service capital repayments during this time. This is also available for more complicated or layered structures including OpCo / PropCo setups.

Corporate Finance and MBO's

Both secured and unsecured finance options can be utilised to help fund Management Buyout and BuyIn transactions, every case being unique in both the business type, clients and financing available to support those businesses and clients respectively. HLP are able to arrange leveraged debt within the business through numerous channels and work with individuals to assist in raising equity where required. The terms are fully bespoke to each case and client.

Whether you are looking to finance or refinance a single property or a portfolio, including Shopping Centres, Industrial or Office Parks, we have a solution to meet just about every need.

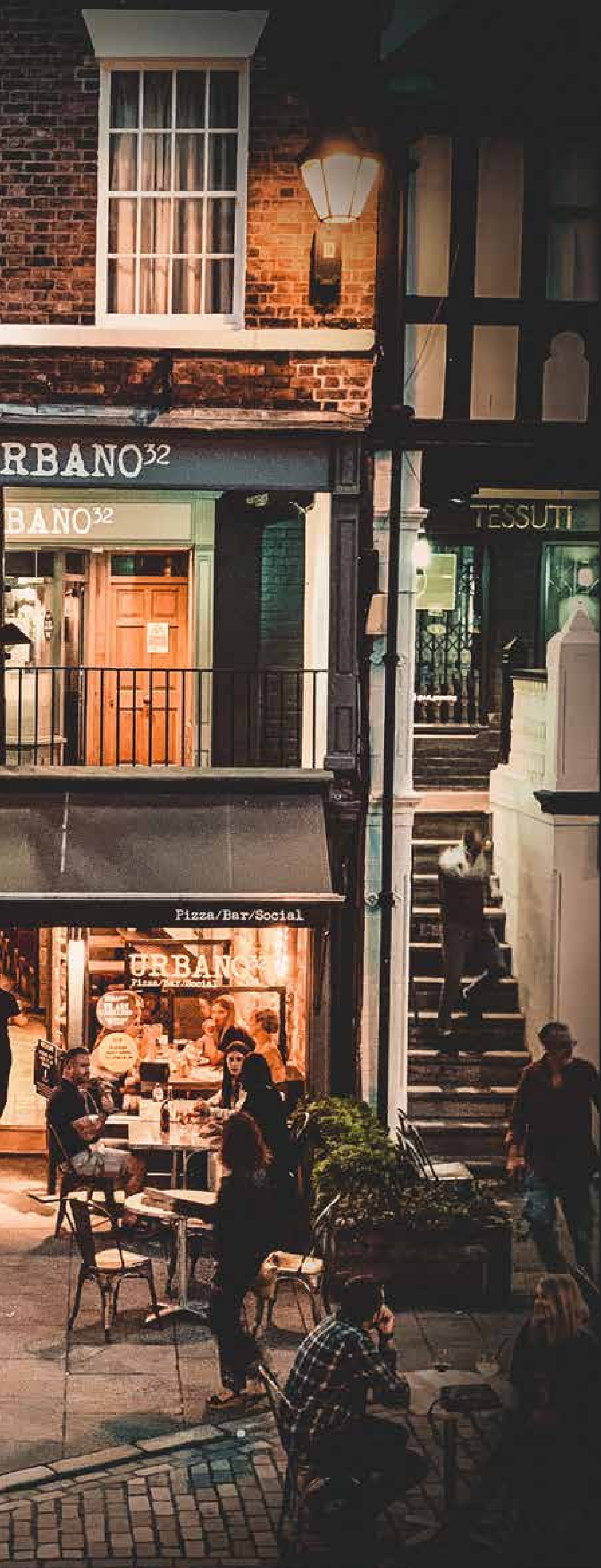
We handle purchases, straight like-for-like refinance and capital raising – whether you need to fund an office block, a shop with flat above or any other property type in between, we can help.

Commercial Property Investment

All applicant types can be accommodated including individuals either solely or in partnership (UK and overseas residents) also limited companies and trusts (UK and offshore)

Loans are available with a choice of repayment and long-term interest-only options including properties with short commercial leases and even licences.

Competitive rates are available to support transactions of all sizes, from first time commercial investors to experienced or professional property investors, potential for portfolio expansion through refinance or top slice drawdown facilities also available.



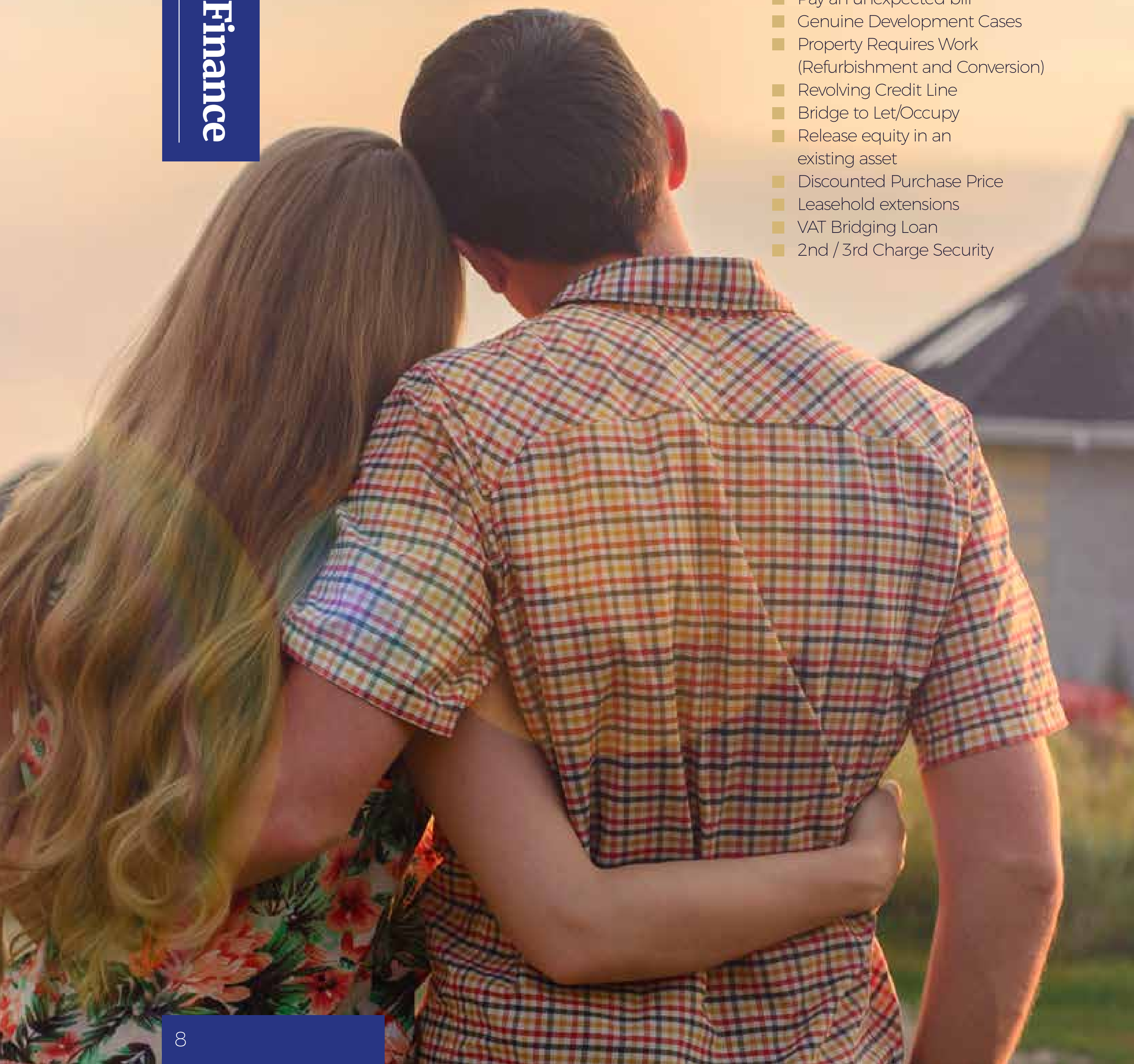
Mixed Use and Semi-Commercial Property investment

We are currently seeing a huge uplift in clients wanting to purchase this type of property which can be as simple as a commercial unit with one or more flats above, to entire blocks or parades with commercial units commonly on the ground floor.

We handle purchases, straight like-for-like refinance and capital raising.

Loans are available with a choice of repayment and long-term interest-only options including properties with short commercial leases and even licences, the residential units usually being self-contained and let on Assured Shorthold tenancies, but corporate lets and also HMOs above commercial can be funded.

Bridging and Short-term Finance



There is sometimes confusion across the terms 'Bridging' and 'Short Term Finance' which in reality are essentially the same thing i.e. funding designed to get a borrower from where they are now to where they want to be in a short space of time.

Bridging was originally a funding product designed for people who wanted to buy a new residence before their old one was sold – therefore a financial bridge between those two transactions.

This has evolved over the years, the above scenario is still a common one for which bridging is used, but the term now extends to all types of funding where either a quicker than usual funding line is needed against a property or something needs to happen to the property before it can be sold or mortgaged through traditional longer term finance.

Some examples of how Bridging Finance can be utilise include:

- Quick access to Funds
- Purchase a new property before the old one sells
- Pay an unexpected bill
- Genuine Development Cases
- Property Requires Work (Refurbishment and Conversion)
- Revolving Credit Line
- Bridge to Let/Occupy
- Release equity in an existing asset
- Discounted Purchase Price
- Leasehold extensions
- VAT Bridging Loan
- 2nd / 3rd Charge Security

Usually where a quick purchase is vital such as auction purchase, or that once-in-a-lifetime business opportunity, this allows purchases to complete in a much shorter timeframe than traditional funding, and can often be measured in days rather than weeks or months.

Refurbishment Finance

More clients are taking advantage of opportunities to add-value and make their money work harder through refurbishment schemes compared to more historic vanilla investment strategies.

Regulated Bridging

For people who want to buy a new residence before their old one is sold - therefore a financial bridge between those two transactions. This can be secured only against the property being sold or against both the existing and the new properties depending on various factors.

This sector includes a vast array of differing funding criteria and lenders, whose offerings vary greatly subject to client and project specific parameters.

Clients without any previous experience are benefiting from access to debt structured solely against the existing value of a property, funding the works themselves before refinancing against the end value. More complex, labour intensive and Heavy Refurbishment projects structured across multi -tranched facilities where elements of the original site are retained.

This type of funding has traditionally been the domain of 'true' development lenders but is now increasingly available from short term lenders who can often be more nimble where timescales are tight on a purchase.

Short and Medium Term Finance

The lines have become blurred in recent time between short and medium term funding with some traditional short term funders extending maximum loan terms out to 3 or even 5 years in some cases.

This has been accompanied by some creative offerings where for example rental shortfall on residential property is overcome by a full or part interest retention to cover the difference between the rent and the interest payments for a period, or even deferred interest periods allowing the rental to cover the repayments where it would otherwise not have done.

This has been approached from the other direction as well, with some traditional loan funders offering facilities over a much shorter term, some as little as 2 years, without a premium being applied to the rate which is charged at their standard pricing.

The appetite for property development finance in all its guises has increased dramatically in recent years both from the availability of funding and clients looking to build their investment portfolio and materially add value to new and existing assets.

The development finance market has benefited from both new entrants into the market and also established lenders either re-entering or reviewing their development finance criteria. Short-term providers who expanded their proposition to initially include support for refurbishment of property, are now also accepting some development projects.

Both this increased availability of funding and competition in the market have coincided with government initiatives encouraging the conversion of some commercial space (office or retail premises) into residential dwellings under permitted development rights, which has also allowed for some relaxation around residential extensions and improvements.

That said, it remains one of the most complex and confusing funding sectors. The ever-expanding volume of lenders offering a version of development finance, the genuine cost and process benefits of using a professional broker are perhaps more substantial in this sector for that reason.

It isn't always as simple as quoting the lowest rate or highest gearing, the most appropriate terms for a given project are dependent on a multitude of variables; Client status, project experience both directly and indirectly, capital requirements, proposed debt size, post-works completion values, initial site or property valuation, build type, concentration of units, exact site location, project duration and many other associated risk areas.

With our knowledge and experience, we remain one of the primary brokers in this market, with direct access to over 70 development lenders operating across all areas of mainland UK.

Whether you are a major housebuilder, an experienced developer or looking to finance your first project we have a funding solution available for most projects, large or small.

Loans can be arranged up to 90% of all costs (including purchase, building related and finance costs) in many instances with no requirement for mezzanine finance or equity/profit sharing with the lender. Interest rates available in line with property investment pricing, interest often being rolled into the loan allowing borrowers to make the most of their cashflow during the term of the facility.

Finance options are also available to assist on exit of a development scheme, allowing the developer to release equity tied up in the development to either put towards a new site or project.

We have direct access to Lenders supporting all transaction types, and whilst one lender may be the most appropriate for development finance, this doesn't mean the same would apply across all sectors:

Development Funding

Often considered as ground up building projects, actually represents the largest proportion of deal types. Debt available in this category across all project and deal sizes including part-built schemes and projects.

Traditional lenders remain active in this space, albeit their requirements have increased and criteria tightened over the last 10 years. As such new lenders have grown their offering to ensure debt remains accessible to developers of all shapes

Property Development Finance

and sizes. Experience is a big factor in accessing some of the lower rates available however terms are readily available for clients whether this be their first project or they've completed 50 schemes previously.

Terms are available for both large phased developments and smaller single asset projects. Many Businesses also building their own commercial premises for occupation, taking advantage of competitive rates (as low as 2% over Base Rate), retaining the asset on completion through a commercial mortgage up to 25 years.

Terms are very much case specific, as will be determined by; the client, their experience, the nature of the project and works entailed, size of the scheme and requested loan and gearing levels. Further scrutiny of build costs and profit margins also determine which lenders are best placed for each enquiry received.

Refurbishment (Light and Heavy)

The largest growth in funding providers has been seen in the Refurbishment sector, traditional development lenders continuing to support clients whilst new entrants have been keen to assist with what are considered light-touch development projects.

We are receiving an increasing volume of enquiries with more clients looking to undertake smaller projects across Residential, Mixed-Use and Commercial assets, either retaining the asset on completion or selling and moving to the next project. More clients are also taking advantage of opportunities to add-value and make their money work harder through refurbishment schemes compared to more historic vanilla investment strategies.

This sector includes a vast array of differing funding criteria and lenders, whose offerings vary greatly subject to client and project specific parameters.

Clients without any previous experience are benefiting from access to debt structured solely against the existing value of a property, funding the works themselves before refinancing against the end value. More complex, labour intensive and Heavy Refurbishment projects structured across multi tranched facilities where elements of the original site are retained.

Conversion

Following the implementation of Government initiatives, and under permitted development, there has been significant increase in the number of commercial assets, whether retail, industrial or more commonly office units being converted to residential, including single units and multiple flats.

Similar to Light or Heavy Refurbishment schemes, the volume of lenders entering this market has grown substantially. In all cases, the lenders will need planning permission to be in place before they are able to complete the facility itself, but funding can be agreed and structured ahead of this to ensure all clients understand what finance is available when planning is forthcoming.

In many cases where planning permission isn't in place, we are able to source funding to assist with the purchase of the asset to allow clients time to get the right team together to apply for and successfully gain full planning permission.

Terms aren't simply restricted to change of use to residential schemes, clients applying for change of use from retail to leisure or other alternative commercial space to allow use by their own businesses or letting on higher yields where applicable.

Secured Loans are an established way of raising money for just about any purpose.

Lenders take a second charge over a main residence or buy to let property, and provide a new loan with the existing mortgage staying where it is.

Reasons why a Secured Loan may be suitable include but are not limited to:

- High early repayment fees on the current mortgage
- A low rate on the existing mortgage that the borrower wishes to keep
- Recent credit problems mean remortgaging is not an option. Even if remortgage is possible, a smaller secured loan may still work out cheaper.
- The borrower simply wants a loan separate from their mortgage
- The borrower wants to repay the secured loan sooner than the main mortgage
- The borrower needs funds more quickly than is possible with a full remortgage
- Remortgage is not possible for other reasons

Secured Loans can be used for most legal purposes including:

- Purchasing another property
- Tax bills
- New cars or holidays
- University fees
- Property improvements
- Consolidating other debts
- Weddings
- Cosmetic surgery

Regulation of Secured Loans

Regulation of secured loans has changed significantly for the better over the last 5 years and is now under the FCA's guidance. The major factor to note for any mortgage adviser or IFA is that the FCA now state when looking for a financial solution for your client that all avenues must be explored and fully documented in order to adhere to current regulatory ruling. This includes quotes for a secured loans and retaining documented evidence of such activities.

In order for our Introducers to comply with these requirements we provide both a quote and a 'reason why' letter for their file. We also take responsibility for the advice on which secured loan product is given, and also compliance requirements within the process.

Compliance is our number one priority for secured loans, every call is recorded for compliance and security purposes and each member of our secured loans team receives ongoing training and monitoring in accordance with FCA guidelines.

Secured Loans

Home Improvements

Home improvement loans are one of the most common reasons for applying for a secured loan, due to usually being quicker than a remortgage and often cheaper than disturbing the current mortgage.

Amongst other things, HLP arranges Second Charge Loans for:

- New Kitchens
- New Bathrooms
- Extension work
- General property refurbishment

Debt Consolidation

Several debts which are spread across various lenders e.g. credit cards, unsecured loans, unpaid bills and other finance agreements; a secured loan can help make overall debts more manageable and reduce total monthly commitments.

HLP have access to various Secured Loans which can be used to consolidate many types of credit commitments such as:

- Unsecured Loans
- Family Debt
- Overdrafts
- Credit cards

Debt consolidation can be a solution when borrower has a number of unsecured debts, which allows transfer of the total owed across those multiple debts into one loan. A secured debt loan is usually offered at a much lower interest rate as the loan is secured against the client(s) house, which often means total monthly repayments are much lower.

Once you've decided that a secured loan to consolidate debts is the most appropriate solution we can start the application process straight away on the initial call.

Our specialist will discuss all credit commitments to assess total monthly liability and advise how much could potentially be saved every month by paying off those debts using a secured loan.

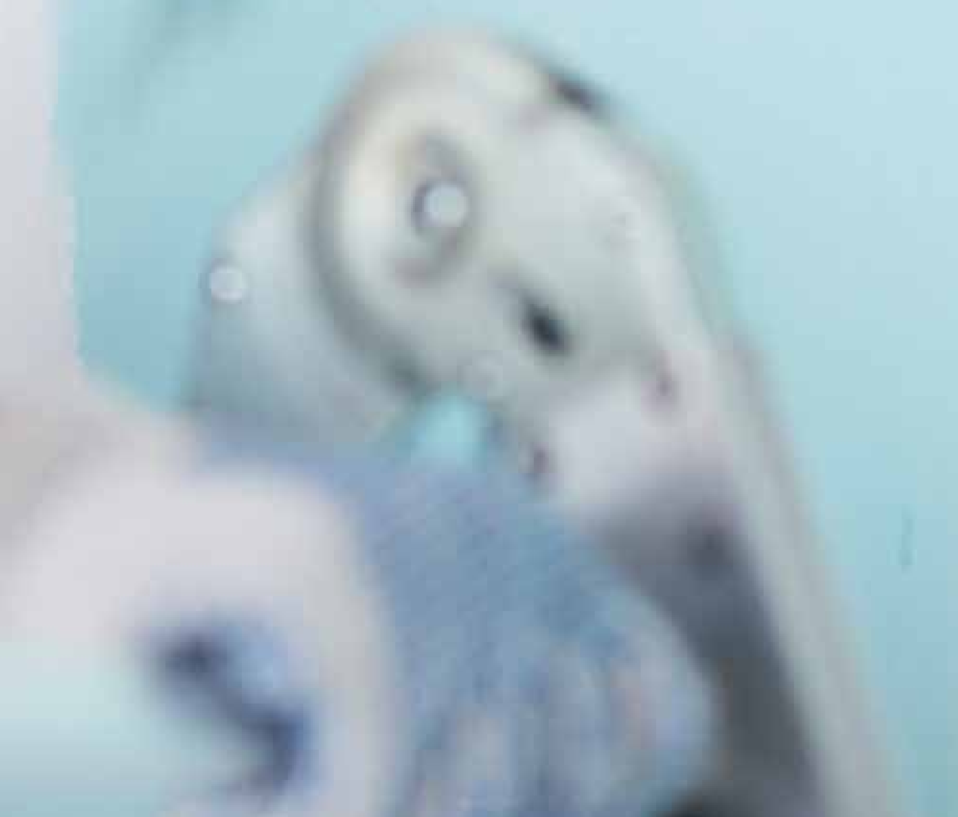
Secured loans for borrowers with credit problems

Turned down for credit by other brokers or lenders? As a master secured loan broker HLP can often arrange loans for people with credit problems, either currently or in the past.

We will compare loans across various lenders from our panel to try and find a loan that suits the specific circumstances. There are loans available to suit people with good, reasonable and poor credit ratings, so we may have one which will help.

Credit problems with which we may be able to assist include:

- County court judgements or defaults
- Mortgage arrears or existing secured loan arrears
- Missed payments on existing unsecured loans and/or credit cards
- Clients who have been denied loans elsewhere
- IVA's or bankruptcy's providing these have been discharged



Commercial

Invoice Finance and Factoring

Do you sell goods and services to other businesses?

Having made a sale do you then have to wait for up to 90 days for payment?

Invoice Finance can release up to 95% of funds tied up in invoices, with money released to you within 24 hours.

At a time when many banks won't provide funding, Invoice Finance can provide a much needed cashflow injection. This is usually by way of a permanent facility with an agreed credit limit, however raising funds against a single invoice with no requirement for a long term contract is becoming increasingly popular.

Cash is usually the most vital resource for businesses so effective cashflow management is essential. Invoice Finance, often known as Factoring or Invoice Discounting, provides access to your cash now.

It is suitable for most industries including manufacturing, distribution, transport and recruitment amongst others. Whether you are established or just starting out, a management buy in/out, a phoenix company, part of a pre-pack arrangement, or simply looking to refinance an existing facility, we can arrange a package tailored to your specific needs.

Don't worry if you have a poor credit history. Funding is based on your debtor book so lenders are more interested in your customers' ability to pay than your own financial performance.

Choosing the right funding package isn't always straightforward, as there are various elements to the overall pricing. Simply choosing what appears to be the cheapest quote isn't always the best option, as there may be cheaper options once extra costs are taken into account. We do this work for you as we understand the detail of what is being offered.

Our funding partners are trusted, reputable and experienced, the quality of service they offer is often as important as the terms of the finance package.

We can help you choose the one that's exactly right for your business. Preferential rates and fees are also available exclusively to HLP and our clients from time to time.

Asset Finance

Most businesses need some form of equipment to carry out their day to day activities, whether that is Vehicles, Computers and other IT equipment, Plant, Machinery or many other item types.

Finance packages are available to not only to purchase assets but also to raise capital against assets you already own, thereby releasing cashflow into your business. The funder essentially buys the asset from you for cash then sells it back to you under a finance agreement, so you continue to have use of it in your business.

The sheer range of options and finance packages available can be bewildering, we have provided a brief outline of some of the finance types below but the best option is always to speak to an experienced specialist in this type of funding. 100% of the purchase price of an asset is available in man instances.

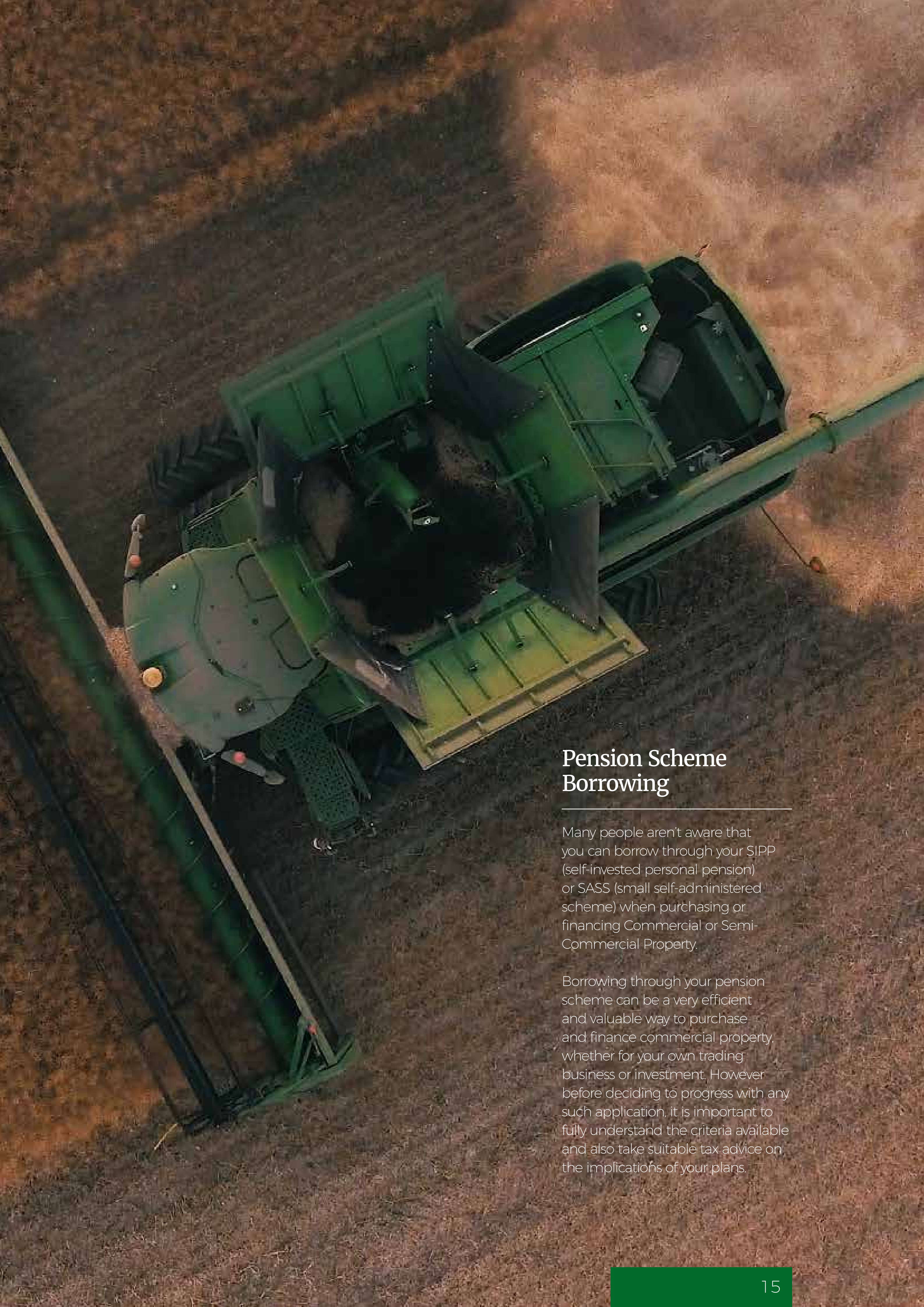
Hire Purchase

This allows you to spread the cost of the asset, and also become the owner of that asset at the end of the repayment term.

Repayment plans can tailored to suit your budget, and if you have any seasonality in your business this can be built into the repayment structure. Leasing is essentially a contract between a funder and a customer that gives the customer the use of the asset in return for a rental payment over an agreed time period.

Leasing

This provides you with the equipment you need, but without the responsibility of ownership. Once the lease period ends you can either return the asset or take out a secondary rental agreement to keep it in your premises. One of the principle benefits of leasing is that a repayment schedule can be tailored which matches the income generated from the equipment itself, so pressure on cash flow can be alleviated if not avoided altogether.



Pension Scheme Borrowing

Many people aren't aware that you can borrow through your SIPP (self-invested personal pension) or SASS (small self-administered scheme) when purchasing or financing Commercial or Semi-Commercial Property.

Borrowing through your pension scheme can be a very efficient and valuable way to purchase and finance commercial property, whether for your own trading business or investment. However before deciding to progress with any such application, it is important to fully understand the criteria available and also take suitable tax advice on the implications of your plans.

Key Points

Not all lenders support borrowing through a pension, therefore it is important to work with a specialist broker who understands the terms available from the whole of the market.

Debt is available up to 80% loan to property value for where the pension owner's trading business will be the tenant (100% in certain specific sectors) or 75% loan to property value for investment purposes.

This is however subject to certain legal limitations such as the borrowing being no more than 50% of the value of the fund. Please see below for more details.

Borrowing through a pension is only for commercial property; the tax implications of holding residential property in such a fund are punitive and undermine any of the commercial benefits of doing so – every potential borrower should take appropriate advice from their tax professional and pension scheme manager/administrator.

Where you already own a commercial trading or investment property, borrowing through your pension could allow purchase of that property from you/your business and can potentially be similarly tax efficient.

How much can my Pension Fund borrow?

The pension scheme can effectively borrow up to a maximum of 50% of the fund value. Any debt secured will be restricted to no more than 50% of the fund value irrespective of the loan to value or the value of the property being financed.

The funding amount available is also limited against the property value as with any standard mortgage transaction, maximum debt being dependant on the respective Lender's criteria for that specific asset or business class and the serviceability demonstrable from trading accounts of the pension scheme owner's business or 3rd party rental income respectively.

One point which is important to note for all property purchases into the pension fund, the value of fund used for the 50% calculation is that in place before the value of the new property is considered, i.e. if the pension fund is valued at £200k and the property to be purchased is £400k, the pension fund can borrow a maximum of £100k.

What does this look like in reality?

Case Study 1
Trading business currently rent their premises and wish to purchase a unit in which to move their business and trade from. The husband and wife owners of the business wish to buy the property in their pension schemes and rent the asset back to their business.

Pension Fund(s) Value: £200,000
Commercial Property to be purchased: £300,000
Facility available from the Bank:

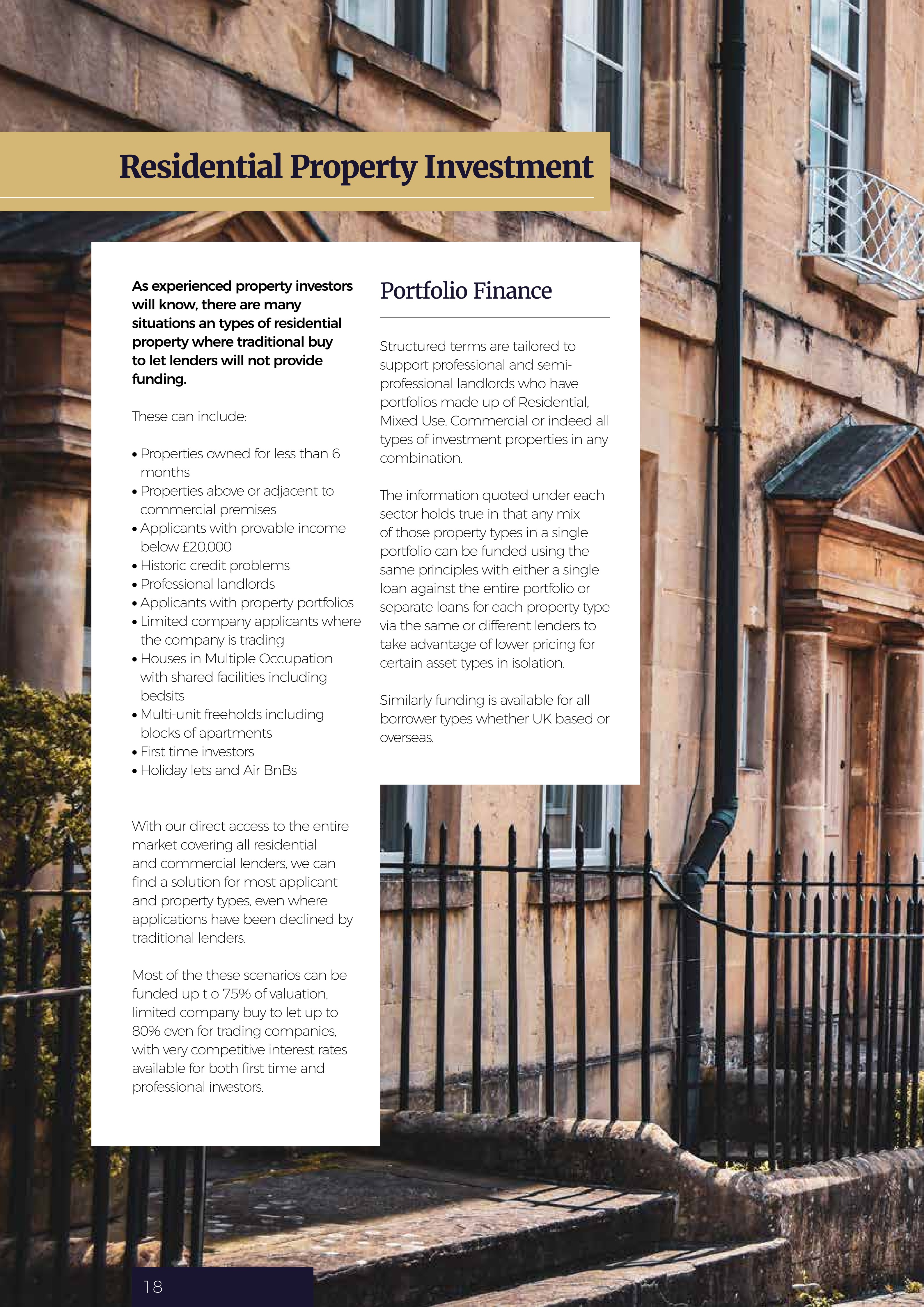
80% of the asset value = £240,000 however this is limited to 50% of fund value, therefore £100,000

Purchase of £300,000 met through £200,000 held in the pension fund and £100,000 commercial mortgage.

Case Study 2
IFA firm own and occupy their office premises, the asset held in the limited company name. Under suitable tax advice, the shareholders decide to move the asset into their pension scheme, releasing funds back into the company balance sheet to be reinvested and hold the commercial property in a tax efficient manner, also providing future rental income from the lease to be put in place between their pension scheme and the trading company.

Pension Fund(s) Value: £500,000
Commercial Property to be purchased: £300,000
Facility available from the Bank:
80% of the asset value = £240,000
This is limited to 50% of fund value, £250,000, therefore a commercial mortgage of £240,000 is available

Purchase of £300,000 met through £60,000 held in the pension fund and £240,000 commercial mortgage.



Residential Property Investment

As experienced property investors will know, there are many situations an types of residential property where traditional buy to let lenders will not provide funding.

These can include:

- Properties owned for less than 6 months
- Properties above or adjacent to commercial premises
- Applicants with provable income below £20,000
- Historic credit problems
- Professional landlords
- Applicants with property portfolios
- Limited company applicants where the company is trading
- Houses in Multiple Occupation with shared facilities including bedsits
- Multi-unit freeholds including blocks of apartments
- First time investors
- Holiday lets and Air BnBs

With our direct access to the entire market covering all residential and commercial lenders, we can find a solution for most applicant and property types, even where applications have been declined by traditional lenders.

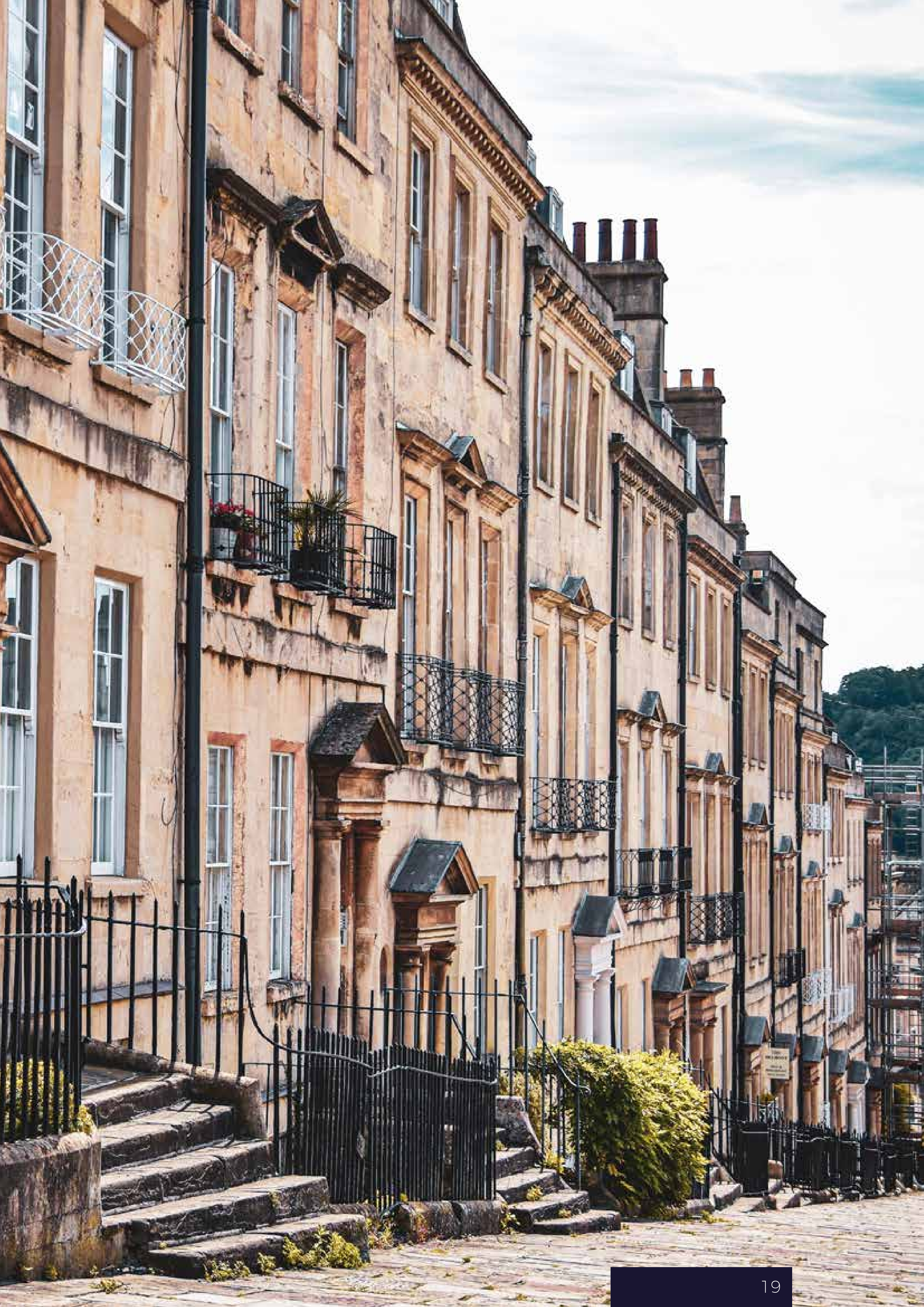
Most of the these scenarios can be funded up t o 75% of valuation, limited company buy to let up to 80% even for trading companies, with very competitive interest rates available for both first time and professional investors.

Portfolio Finance

Structured terms are tailored to support professional and semi-professional landlords who have portfolios made up of Residential, Mixed Use, Commercial or indeed all types of investment properties in any combination.

The information quoted under each sector holds true in that any mix of those property types in a single portfolio can be funded using the same principles with either a single loan against the entire portfolio or separate loans for each property type via the same or different lenders to take advantage of lower pricing for certain asset types in isolation.

Similarly funding is available for all borrower types whether UK based or overseas.



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